

MOR-1**UNITED STATES BANKRUPTCY COURT**

CASE NAME: Watson Valve Services, LLC
CASE NUMBER: 20-30968
PROPOSED PLAN DATE: Unknown

PETITION DATE: 2/6/2020
DISTRICT OF TEXAS: Southern
DIVISION: Houston

MONTHLY OPERATING REPORT SUMMARY FOR**JUNE 2020**

MONTH	02/01/20-02/29/20	03/01/20-03/31/20	04/01/20-04/30/20	05/01/20-05/31/20	06/01/20-06/30/20	
REVENUES (MOR-6)	0.00	303,797.00	263,966.58	474,572.89	257,618.68	0.00
INCOME BEFORE INT; DEPREC. TAX (MOR-6)	-137,239.75	188,255.92	-3,100.71	370,326.92	11,661.17	0.00
NET INCOME (LOSS) (MOR-6)	-137,239.75	225,656.23	-89,619.91	233,639.47	-136,873.23	0.00
PAYMENTS TO INSIDERS (MOR-9)	31,662.16	31,665.02	31,665.02	21,665.94	5,833.43	0.00
PAYMENTS TO PROFESSIONALS (MOR-9)	0.00	0.00	64,647.32	99,518.85	69,135.79	0.00
TOTAL DISBURSEMENTS (MOR-7)	123,573.97	116,426.28	228,503.81	318,396.04	701,934.23	0.00

The original of this document must be filed with the United States Bankruptcy Court and a copy must be sent to the United States Trustee

REQUIRED INSURANCE MAINTAINED AS OF SIGNATURE DATE		EXP. DATE
CASUALTY	YES (x) NO ()	11/30/2020
LIABILITY	YES (x) NO ()	11/30/2020
VEHICLE	YES (x) NO ()	11/30/2020
WORKER'S	YES (x) NO ()	11/30/2020
OTHER	YES (x) NO ()	11/30/2020

CIRCLE ONE

Are all accounts receivable being collected within terms? Yes No

Are all post-petition liabilities, including taxes, being paid within terms? Yes No

Have any pre-petition liabilities been paid? Yes No

If so, describe _____

Are all funds received being deposited into DIP bank accounts? Yes No

Were any assets disposed of outside the normal course of business? Yes No

If so, describe _____

Are all U.S. Trustee Quarterly Fee Payments current? Yes No

What is the status of your Plan of Reorganization? _____

ATTORNEY NAME: Matthew Okin
FIRM NAME: Okin Adams LLP
ADDRESS: 1113 Vine Street
Suite 240
CITY, STATE, ZIP: Houston, TX 77002
TELEPHONE/FAX: 713.228.4100 | 888.865.2118

I certify under penalty of perjury that the following complete
Monthly Operating Report (MOR), consisting of MOR-1 through
MOR-9 plus attachments, is true and correct.

SIGNED X Robert E Ogle TITLE: TRUSTEE
(OBJECT SIGNATURE)

Robert Ogle, Trustee

(PRINT NAME OF SIGNATORY)

DATE 7/17/20**MOR-1**

Reservation of Rights: The Debtor reserves all rights to amend or supplement the MOR in all respects, as may be necessary or appropriate, but shall be under no obligation to do so. Nothing contained in this MOR shall constitute a waiver of any of the Debtor's rights or an admission with respect to its Chapter 11.

Some regularly recurring journal entries have not been posted as of 06.30.2020; certain accruals have not been recorded based on the timing (due date) for the reports.

CASE NAME: Watson Valve Services, LLCCASE NUMBER: 20-30968**COMPARATIVE BALANCE SHEETS**

ASSETS	FILING DATE*	MONTH Feb 2020	MONTH Mar 2020	MONTH Apr 2020	MONTH May 2020	MONTH June 2020	MONTH
CURRENT ASSETS							
Cash	949,195.09	909,604.12	1,931,520.63	1,961,031.58	1,766,832.90	1,403,100.34	
Accounts Receivable, Net	1,018,319.61	287,292.82	193,241.15	199,192.97	549,568.50	467,876.51	
Inventory: Lower of Cost or Market	3,349.00	3,349.00	3,349.00	3,349.00	3,349.00	3,349.00	
Prepaid Expenses	134,605.20	134,605.20	134,605.20	134,605.20	134,605.20	112,171.00	
Deposits	45,360.00	45,360.00	45,360.00	45,360.00	45,360.00	45,360.00	
Investments	0.00	0.00	0.00	0.00	0.00	0.00	
Insurance FN1	0.00	0.00	0.00	0.00	0.00	0.00	
Other	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00	
TOTAL CURRENT ASSETS	2,155,828.90	1,385,211.14	2,313,075.98	2,348,538.75	2,504,715.60	2,036,856.85	0.00
PROPERTY, PLANT & EQUIP. @ COST	64,645.78	64,645.78	64,645.78	64,645.78	64,645.78	64,645.78	
Less Accumulated Depreciation	0.00	0.00	0.00	0.00	0.00	0.00	
NET BOOK VALUE OF PP & E	64,645.78	64,645.78	64,645.78	64,645.78	64,645.78	64,645.78	0.00
OTHER ASSETS							
1.							
2.							
3.							
4.							
TOTAL ASSETS	\$2,220,474.68	\$1,449,856.92	\$2,377,721.76	\$2,413,184.53	\$2,569,361.38	\$2,101,502.63	\$0.00

* Per Schedules and Statement of Affairs

MOR-2

Revised 07/01/98

FN1 Insurance Policy limits totaling \$29,000,000 have been removed.

CASE NAME: Watson Valve Services, LLC
CASE NUMBER: 20-30968

COMPARATIVE BALANCE SHEETS

LIABILITIES & OWNER'S EQUITY	FILING DATE*	MONTH Feb 2020	MONTH Mar 2020	MONTH Apr 2020	MONTH May 2020	MONTH June 2020	MONTH
LIABILITIES							
POST-PETITION LIABILITIES(MOR-4)	0.00	0.00	188,363.61	159,487.90	127,322.23	284,709.07	0.00
PRE-PETITION LIABILITIES							
Notes Payable - Secured FN2 FN4	45,500.00	45,500.00	45,500.00	45,500.00	45,500.00	13,159.02	
Priority Debt - Unsecured FN4	60,964.61	60,964.61	60,964.61	60,964.61	60,964.61	45,391.83	
Federal Income Tax							
FICA/Withholding							
Unsecured Debt FN4	896,037.08	883,993.28	883,993.28	883,993.28	883,993.28	1,132,452.53	
Other							
TOTAL PRE-PETITION LIABILITIES	1,002,501.69	990,457.89	990,457.89	990,457.89	990,457.89	1,191,003.38	0.00
TOTAL LIABILITIES	1,002,501.69	990,457.89	1,178,821.50	1,149,945.79	1,117,780.12	1,475,712.45	0.00
OWNER'S EQUITY (DEFICIT)							
PREFERRED STOCK							
COMMON STOCK	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	
ADDITIONAL PAID-IN CAPITAL							
RETAINED EARNINGS Filing Date FN3	1,216,972.99	1,216,972.99	1,216,972.99	1,216,972.99	1,216,972.99	1,216,972.99	
RETAINED EARNINGS Post Filing Date	0.00	-137,239.75	225,656.23	-89,619.91	233,639.47	-136,873.23	0.00
RETAINED EARNINGS Pre / Post Filing Date Adjustments FN1	0.00	-621,334.21	-244,728.96	134,885.66	-31.20	-455,309.58	
TOTAL OWNER'S EQUITY (NET WORTH)	1,217,972.99	459,399.03	1,198,900.26	1,263,238.74	1,451,581.26	625,790.18	0.00
TOTAL LIABILITIES & OWNERS EQUITY	\$2,220,474.68	\$1,449,856.92	\$2,377,721.76	\$2,413,184.53	\$2,569,361.38	\$2,101,502.63	\$0.00

* Per Schedules and Statement of Affairs

MOR-3

\$0.00

\$0.00

\$0.00

\$0.00

\$0.00

\$0.00

Revised 07/01/98

\$0.00

FN1

Ongoing operational adjustments

FN2

Secured Debt with Texas Capital Bank totaling \$3,000,000 is held by Watson Grinding with only a contingent liability via guarantee by Watson Valve, thus removed here.

FN3

Insurance Policy limits totaling \$29,000,000 have been removed.

FN4

Amended to reflect actual claims filed through the bar date.

CASE NAME: Watson Valve Services, LLC
CASE NUMBER: 20-30968

SCHEDULE OF POST-PETITION LIABILITIES

	MONTH Feb 2020	MONTH Mar 2020	MONTH Apr 2020	MONTH May 2020	MONTH June 2020	MONTH
TRADE ACCOUNTS PAYABLE	0.00	763.92	72,968.70	35,634.78	136,174.67	
TAX PAYABLE						
Federal Payroll Taxes						
State Payroll Taxes						
Ad Valorem Taxes						
Other Taxes						
TOTAL TAXES PAYABLE	0.00	0.00	0.00	0.00	0.00	0.00
SECURED DEBT POST-PETITION						
ACCRUED INTEREST PAYABLE						
ACCRUED PROFESSIONAL FEES*						
OTHER ACCRUED LIABILITIES						
1. McDowell Hetherington LLP FN1	0.00	63,299.69	63,914.20	68,859.95	131,769.40	
2. MACCO Restructuring Group FN1	0.00	124,300.00	22,605.00	22,827.50	16,765.00	
3. US Trustee Fees (Unpaid)	0.00	0.00	0.00	0.00	0.00	
TOTAL POST-PETITION LIABILITIES (MOR-3)	\$0.00	\$188,363.61	\$159,487.90	\$127,322.23	\$284,709.07	\$0.00

*Payment requires Court Approval

MOR-4

Revised 07/01/98

FN1 Aggregated professional / legal fees beyond retainers

CASE NAME: Watson Valve Services, LLC
CASE NUMBER: 20-30968

AGING OF POST-PETITION LIABILITIES
MONTH June 2020

DAYS	TOTAL	TRADE ACCOUNTS	FEDERAL TAXES	STATE TAXES	AD VALOREM, OTHER TAXES	OTHER
0-30	98,624.85	98,624.85				
31-60	36,768.84	36,768.84				
61-90	780.98	780.98				
91+	0.00	0.00				
TOTAL	\$136,174.67	\$136,174.67	\$0.00	\$0.00	\$0.00	\$0.00

AGING OF ACCOUNTS RECEIVABLE

MONTH	Feb 2020	Mar 2020	Apr 2020	May 2020	June 2020	
0-30 DAYS	0.00	144,190.69	69,420.00	423,482.89	229,909.45	
31-60 DAYS	13,717.50	0.00	80,722.51	5,406.00	111,881.45	
61-90 DAYS	264,688.32	13,717.50	0.00	71,629.15	5,406.00	
91+ DAYS	8,887.00	35,332.96	49,050.46	49,050.46	120,679.61	
TOTAL	\$287,292.82	\$193,241.15	\$199,192.97	\$549,568.50	\$467,876.51	\$0.00

MOR-5

Revised 07/01/20

CASE NAME: Watson Valve Services, LLCCASE NUMBER: 20-30968

STATEMENT OF INCOME (LOSS)

	MONTH Feb 2020	MONTH Mar 2020	MONTH Apr 2020	MONTH May 2020	MONTH June 2020	MONTH	FILING TO DATE
REVENUES (MOR-1)	0.00	303,797.00	263,966.58	474,572.89	257,618.68		1,299,955.15
TOTAL COST OF REVENUES	43,385.44	41,794.10	138,983.91	62,039.67	178,578.91		464,782.03
GROSS PROFIT	-43,385.44	262,002.90	124,982.67	412,533.22	79,039.77	0.00	835,173.12
OPERATING EXPENSES:							
Selling & Marketing							0.00
General & Administrative	1,479.98	412.44	67,544.33	4,932.36	40,591.83	0.00	114,960.94
Insiders Compensation	31,662.16	31,665.02	31,665.02	21,665.94	5,833.43	0.00	122,491.57
Payroll & Payroll Taxes	60,640.17	41,405.82	28,778.03	15,500.00	20,833.34		167,157.36
Bank Fees	72.00	263.70	96.00	108.00	120.00		659.70
Other							0.00
TOTAL OPERATING EXPENSES	93,854.31	73,746.98	128,083.38	42,206.30	67,378.60	0.00	405,269.57
INCOME BEFORE INT. DEPR/TAX (MOR-1)	-137,239.75	188,255.92	-3,100.71	370,326.92	11,661.17	0.00	429,903.55
INTEREST EXPENSE							0.00
DEPRECIATION							0.00
OTHER (INCOME) EXPENSE* FN1		-225,000.00					-225,000.00
Professional Fees FN2	0.00	124,300.00	22,605.00	67,827.50	16,765.00	0.00	231,497.50
Legal Fees FN2	0.00	63,299.69	63,914.20	68,859.95	131,769.40	0.00	327,843.24
OTHER ITEMS**							0.00
TOTAL INT. DEPR & OTHER ITEMS	0.00	-37,400.31	86,519.20	136,687.45	148,534.40	0.00	334,340.74
NET INCOME BEFORE TAXES	-137,239.75	225,656.23	-89,619.91	233,639.47	-136,873.23	0.00	95,562.81
FEDERAL INCOME TAXES							0.00
NET INCOME (LOSS) (MOR-1)	(\$137,239.75)	\$225,656.23	(\$89,619.91)	\$233,639.47	(\$136,873.23)	\$0.00	\$95,562.81

Accrual Accounting Required, Otherwise Footnote with Explanation.

* Footnote Mandatory.

** Unusual and/or infrequent item(s) outside the ordinary course of business requires footnote.

MOR-6

Revised 07/01/98

FN1

Insurance Payment

FN2

Aggregated professional / legal fees beyond retainers pursuant to MOR-4

CASE NAME: Watson Valve Services, LLC
CASE NUMBER: 20-30968

CASH RECEIPTS AND DISBURSEMENTS	MONTH Feb 2020	MONTH Mar 2020	MONTH Apr 2020	MONTH May 2020	MONTH June 2020	MONTH	FILING TO DATE
1. CASH-BEGINNING OF MONTH	\$949,195.09	\$909,604.12	\$1,931,520.63	\$1,961,031.58	\$1,766,832.90	\$1,403,100.34	\$949,195.09
RECEIPTS:							
2. CASH SALES							0.00
3. COLLECTION OF ACCOUNTS RECEIVABLE	83,983.00	913,342.79	258,014.76	124,197.36	338,201.67		1,717,739.58
4. LOANS & ADVANCES (attach list)							0.00
5. SALE OF ASSETS							0.00
6. CONTRIBUTIONS							0.00
7. OTHER (Insurance Paymerat)		225,000.00					225,000.00
TOTAL RECEIPTS**	83,983.00	1,138,342.79	258,014.76	124,197.36	338,201.67	0.00	1,942,739.58
(Withdrawal) Contribution by Individual Debtor MFR-2*							0.00
DISBURSEMENTS:							
7a. NET PAYROLL				15,500.00	20,833.34		36,333.34
7b. INSIDER COMPENSATION	31,662.16	31,665.02	31,665.02	21,665.94	5,833.43		122,491.57
8. PAYROLL TAXES PAID							0.00
9. SALES, USE & OTHER TAXES PAID							0.00
10. SECURED RENTAL/LEASES							0.00
11. UTILITIES & TELEPHONE							0.00
12. INSURANCE	12,043.80	1,265.00	22,822.60	12,043.00	12,043.00		60,217.40
13. INVENTORY PURCHASES							0.00
14. VEHICLE EXPENSES							0.00
15. TRAVEL & ENTERTAINMENT							0.00
16. REPAIRS, MAINTENANCE & SUPPLIES	2,627.09	417.01	357.66	395.22			3,796.98
17. ADMINISTRATIVE & SELLING	77,240.92	83,079.25	109,011.21	167,323.03	78,594.55		515,248.96
18. PROFESSIONAL FEES							
19. LEGAL FEES							
20. OTHER (attach list) FN2					515,494.12		515,494.12
TOTAL DISBURSEMENTS FROM OPERATIONS	123,573.97	116,426.28	163,856.49	216,927.19	632,798.44	0.00	1,253,582.37
19. PROFESSIONAL FEES			64,647.32	99,518.85	69,135.79		233,301.96
20. U.S. TRUSTEE FEES				1,950.00			1,950.00
21. OTHER REORGANIZATION EXPENSES (attach list)							0.00
TOTAL DISBURSEMENTS**	123,573.97	116,426.28	228,503.81	318,396.04	701,934.23	0.00	1,488,834.33
22. NET CASH FLOW	-39,590.97	1,021,916.51	29,510.95	-194,198.68	-363,732.56	0.00	453,905.25
23. CASH - END OF MONTH (MOR-2) FN1	\$909,604.12	\$1,931,520.63	\$1,961,031.58	\$1,766,832.90	\$1,403,100.34	\$1,403,100.34	\$1,403,100.34

MOR-7

* Applies to Individual debtors only

**Numbers for the current month should balance (match)

RECEIPTS and CHECKS/OTHER DISBURSEMENTS lines on MOR-8

Revised 07/01/98

FN1 \$572,241.86 related to AMUR HMP, LLC (Russia) Project
FN2 Transfer of funds to Watson Grinding for AR received on their behalf

CASE NAME: Watson Valve Services, LLC
CASE NUMBER: 20-30968

CASH ACCOUNT RECONCILIATION
MONTH OF June 2020

BANK NAME	Texas Capital Bank	Texas Capital Bank	Texas Capital Bank	Compass Bank	
ACCOUNT NUMBER	Acct Ending 0552	Acct Ending 4882	Acct Ending 4874	Acct Ending 6583	
ACCOUNT TYPE	OPERATING	PT HUAYUE NICKEL COBALT (CHINA) PROJECT	AMUR HMP, LLC (RUSSIA) PROJECT	OPERATING	TOTAL
BANK BALANCE	951,096.35	243,141.59	0.00	227,204.10	1,421,442.04
DEPOSITS IN TRANSIT	0.00	0.00	0.00	0.00	0.00
OUTSTANDING CHECKS	18,341.70	0.00	0.00	0.00	18,341.70
ADJUSTED BANK BALANCE	\$932,754.65	\$243,141.59	\$0.00	\$227,204.10	\$1,403,100.34
BEGINNING CASH - PER BOOKS	1,296,447.31	243,141.59	0.00	227,244.00	1,766,832.90
RECEIPTS*	338,201.67	0.00	0.00	0.00	338,201.67
TRANSFERS BETWEEN ACCOUNTS	0.00	0.00	0.00	0.00	0.00
(WITHDRAWAL) OR CONTRIBUTION BY INDIVIDUAL DEBTOR MFR-2	0.00	0.00	0.00	0.00	0.00
CHECKS/OTHER DISBURSEMENTS* FN1	701,894.33	0.00	0.00	39.90	701,934.23
ENDING CASH - PER BOOKS FN1	\$932,754.65	\$243,141.59	\$0.00	\$227,204.10	\$1,403,100.34

MOR-8

*Numbers should balance (match) TOTAL RECEIPTS an Revised 07/01/98
TOTAL DISBURSEMENTS lines on MOR-7

FN1 \$572,241.86: related to AMUR HMP, LLC (Russia) Project
FN2 \$515,494.12: received on behalf of Watson Grinding and transferred to their account in June.

CASE NAME: Watson Valve Services, LLC
CASE NUMBER: 20-30968

PAYMENTS TO INSIDERS AND PROFESSIONALS

Of the total disbursements shown for the month, list the amount paid to insiders (as defined in Section 101(31)(A)-(F) of the U.S. Bankruptcy Code) and the professionals. Also, for insiders, identify the type of compensation paid (e.g., salary, commission, bonus, etc.) (Attach additional pages as necessary).

INSIDERS: NAME/COMP TYPE	MONTH Feb 2020	MONTH Mar 2020	MONTH Apr 2020	MONTH May 2020	MONTH June 2020	MONTH
1. John Watson	11,665.32	11,666.86	11,666.86	11,666.86	5,833.43	
2. Robert White	9,998.42	9,999.22	9,999.22	4,999.47	0.00	
3. Jason White	9,998.42	9,998.94	9,998.94	4,999.61	0.00	
4.						
5.						
6.						
TOTAL INSIDERS (MOR-1)	\$31,662.16	\$31,665.02	\$31,665.02	\$21,665.94	\$5,833.43	\$0.00

PROFESSIONALS	MONTH Feb 2020	MONTH Mar 2020	MONTH Apr 2020	MONTH May 2020	MONTH June 2020	MONTH
1. McDowell Hetherington LLP	0.00	0.00	64,647.32	0.00	51,051.79	
2. MACCO Restructuring Group	0.00	0.00	0.00	99,518.85	18,084.00	
3.						
4.						
5.						
6.						
TOTAL PROFESSIONALS (MOR-1)	\$0.00	\$0.00	\$64,647.32	\$99,518.85	\$69,135.79	\$0.00

MOR-9

Revised 07/01/98